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MAISLIN

ANNUAL REPORT 1972

MAISLIN INDUSTRIES LTD

Maislin Industries Ltd.
First Annual Report
1972

Contents

Notice of Annual Meeting

The annual meeting of Shareholders of Maislin Industries Ltd. will be held in the Côte St. Luc Salon of the Hotel Bonaventure, 1 Place Bonaventure, Montreal, Quebec, at 3 o'clock on the afternoon of May 17, 1973.

Si vous désirez une version française de ce rapport, veuillez en faire la demande au Service des Relations Publiques, Les Industries Maislin Ltée.

Maislin Industries Ltd.
7401 Newman Blvd.
Lasalle 660, Quebec.

DIRECTORS AND OFFICERS

Samuel Maislin	*Director, Chairman of the Board*
Sydney Maislin	*Director, President*
Clément Beauregard	*Director, Executive Vice-President and Secretary-Treasurer*
Saul Maislin	*Director, Vice President*
Alexander Maislin	*Director, Vice-President*
Laurent Beaudoin	*Director, President, Bombardier Ltée.*

AUDITORS

Scharf, Kwiat & Pinkus
Chartered Accountants
50 Cremazie Boulevard West
Montreal, Quebec

Peat, Marwick, Mitchell & Co.
Chartered Accountants
1155 Dorchester Boulevard West
Montreal, Quebec

REGISTRAR AND TRANSFER AGENT

Royal Trust Company
Montreal, Toronto, Winnipeg, Calgary, Vancouver

CORPORATE PROFILE

The publication of this, our first Annual Report, presents a unique opportunity for taking stock of your Company.

As a share-holding company, the first objective of **Maislin Industries Ltd.** is, of course, to make profits. At the beginning of 1972, we set a number of challenging goals for the Company and for each of the operating subsidiaries to this end. Suffice to say that in almost every case, we exceeded our goals by an appreciable margin. This report presents the factual and statistical evidence of this. While it encompasses a very great deal of thinking, planning and activity in a very small compass, nevertheless, it helps serve as an indicator of how far we have come in a very short period of time.

In the new environment of change in which we find ourselves today, tremendous strides are being made in many directions, and one of the greatest assets in a situation of this kind is the ability to be sufficiently flexible and diversified to take advantage of the changes that occur. Maislin Industries is, in fact, by its very diversity, a Company that has been able to achieve the remarkable growth which has taken place in the past year. To date, management has made progress in diversifying the Company's operations to the point where approximately 11% of total revenues are derived from other than motor transport. In addition, the major acquisition of two large U.S. trucking firms at year end has furthered the Company's geographical presence in the U.S., as well as considerably increasing its facilities, number of vehicles and personnel.

And as we move into 1973, the Company continues to pursue the expansion policies it has so successfully followed in the past, with the aim of further broadening the scope of its activities. The entire enterprise has been to take advantage of the continuing flow of opportunities that we confidently expect will accompany future economic growth. Our assets in the field of transportation and distribution are considerable. And we want them to be used efficiently. We believe we have the organization and management to achieve this goal. Our management team is vigorous and strongly motivated. Our employees are competent and devoted. We enjoy good relations with our employees and do not anticipate any labor problems in the near future, and we have sufficient size to generate needed capital for expansion and support investor confidence. In short, a solid foundation has been laid and farsighted planning undertaken for the future progress of **Maislin Industries Ltd.** Our Job—and our commitment—now is to further carry forward the realization of our plans with as much skill and energy as were put into their development.

FINANCIAL HIGHLIGHTS

	1972	**1971**
Sales	48,576,619	44,166,090
Income Taxes	2,023,170	2,150,000
Net Income	2,388,715	2,152,315
Common Shares Outstanding	2,458,090	2,233,090
Earnings per common share	1.02	0.96
Working capital	3,812,338	1,209,171
Cash Flow from operations	5,444,485	4,996,939
Cash Flow—Per common share	2.32	2.24
Net Capital Expenditures	4,724,557	4,492,489
Long Term Debt	15,374,528	15,451,520
Book Value per common share	6.11	4.17
Number of Common Shareholders	1,006	41
Number of Employees	2,202	2,079
Wages and Benefits	23,907,695	20,670,618

Report of the Directors to the Shareholders

It is with pleasure that we submit to you, on behalf of the Board of Directors, the consolidated financial statements and the report of our auditors, for the first annual report of **Maislin Industries Ltd.** and its subsidiaries, for the year ended December 31, 1972.

Public Issue

The year 1972 held particular significance for **Maislin Industries Ltd.** On July 4, 1972, the Company became a public corporation and, on September 6 of that same year, the Companies shares commenced trading on the Montreal and Toronto stock exchanges. The first and most obvious reason for going public was the opportunity it provided for an aggressive, growth-minded company to acquire additional funds and credits so that it could pursue further development. Also an important factor was the desire on the part of the Company to give its employees, customers, and the general public an opportunity to purchase shares so that they could participate in the growth of the Company.

We are proud of the added stature which we have attained in becoming a public company. We are also pleased that you have decided to share in our promising future. We believe you will agree that our future is indeed promising when you read the statistics contained in this report.

Revenues and Earnings

Revenues and earnings for the year 1972 reflected the more buoyant economic conditions which prevailed during that year. Both reached a new high, showing an increase of 10% over those of 1971.

Net income before extraordinary items amounted to $2,309,352 or $0.99 per common share compared with $2,152,315 or $0.96 per common share in 1971.

An extraordinary income of $79,363 in 1972, due to tax savings originating from losses incurred in previous years by certain subsidiaries, however, increased earnings to $2,388,715 or $1.02 per common share, as compared with $2,152,315 or $0.96 per common share, for the preceding year.

Taxes

Income tax applicable to income in 1972 amounted to $2,023,170 or an effective rate of tax of 47.1%, as compared with $2,150,000 or 49.8% in 1971.

In addition during the same period, the Company paid $2,621,954 in taxes to different governments in road taxes and licences.

Revenue Equipment

Net capital expenditures on revenue equipment amounted to $4,724,557 in 1972, compared with $4,492,489 in 1971, resulting in an 8% increase in the purchase of revenue equipment.

We anticipate even further increases in expenditures in this area in 1973, as the Company continues its program of expansion, modernization and standardization of its revenue equipment.

Working Capital

The net working capital of the Company increased from $1,209,171 in 1971 to $3,812,338 in 1972.

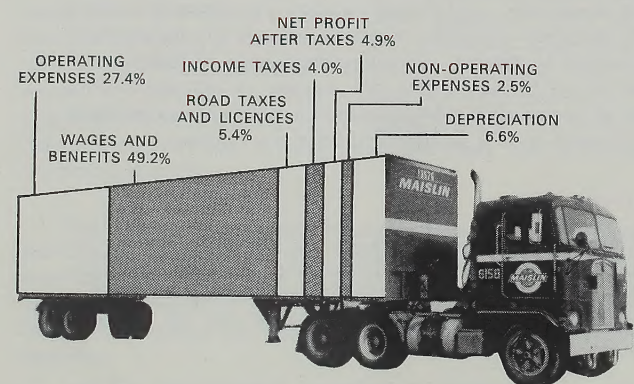
This increase came about as a direct result of the Company's public issue, and the sales of treasury stock which yielded the significant additional working capital.

The Company's working fund ratio is 1.6 to 1, more than sufficient to take care of the future requirements for growth.

Cash Flow

The cash flow from operations increased 9% to $5,444,485 in 1972 from $4,996,939 in 1971. This represents a cash flow per common share of $2.32 in 1972 as compared with $2.24 for the previous year.

Distribution of the Revenue Dollar



MAISLIN INDUSTRIES LTD.

Acquisitions

An important part of Maislin Industries' development throughout the years has resulted from its continuing ability to recognize and capitalize upon opportunities for expansion through acquisitions. In fact, in recent years, the Company has experienced phenomenal growth because of these acquisitions and the subsequent trends which have occurred in industry—a good indication of management's ability to anticipate and prepare for changes in the economy which could be profitable.

In 1972, Maislin benefited from the previous year's acquisitions of **April Transport Inc.**, the remaining 50% of **Lasalle Industrial Warehouse Ltd.** and 50% of **Lasalle Industrial Development Corp.**, as well as from the 1972 purchase of **Leaside Movers Cartage and Storage Ltd.**

On April 28, 1972, an agreement was signed between **Maislin Transport Ltd.** and **Highway Express Lines Inc.** of Allentown, Pa. to purchase the latter for $3,000,000. Approval of this transaction was granted on December 27, 1972 by the Interstate Commerce Commission and consummated on January 15, 1973. The 40-year-old Pennsylvania-based Highway Express Lines Inc., with annual sales of $15 million, employs 600 people and operates a fleet of 700 units out of 12 terminals serving routes extending through New York, New Jersey, Pennsylvania, District of Columbia, Delaware, Maryland and Virginia. This acquisition will enable the Company to directly penetrate the highly industrialized markets of the United States' eastern seaboard, including its major seaports.

On November 14, 1972 **Maislin Transport Ltd.** acquired 100% of the stock of **H. P. Welch Co.** of Somerville, Mass.

Temporary authority has been granted to the Company by the Interstate Commerce Commission. This acquisition will permit Maislin to offer a direct service between the New England states of Rhode Island, Massachusetts, Connecticut, New Hampshire and Vermont, and Maislin's existing areas on all general and perishable commodities.

Labour Relations

One major contract, the Quebec agreement with Teamsters Local 106, was renegotiated in 1972 and resulted in the signing of a 3-year contract by Management and Labour Representatives which was later ratified by the membership. It resulted in wage increases totalling 42.4% over the three-year period.

The National Master-Freight and Supplements contract for all unionized employees in the United States expires in June, 1973. Negotiations have been underway for some time now on this contract and we don't anticipate any problems at this time.

Our Company is dedicated to the development and maintenance of proper rapport between labour and management. To this end, we are continuously holding meetings with local unions on both provincial and state levels with regard to interpretation, clarification and acceptance of contracts.

Employees Stock Purchase Plan

In September 1972, a Plan to make the Company's stock available to employees was instituted. Of the 1,428 eligible employees who were extended an opportunity to purchase Maislin Industries Ltd. stock through a weekly payroll deduction plan, 594 employees exercised their options to purchase a total of 75,650 shares.

Management Development

The Company places great importance on management development, for it recognizes that a strong future is largely dependent upon properly trained management personnel who can often make the difference between profits and losses.

For this reason, an extensive and continuing classroom training program is provided for all personnel. Courses in Human Relations, Effective Supervision, and Communication are among the topics covered. Regularly scheduled meetings are held for management and personnel in general, and open interchange of ideas is encouraged at all times. In fact, the success of our relationship amongst all personnel is a direct result of our style of management which is based upon a personalized open-door policy.

Pollution

The Company is extremely conscious of the obligation to the communities through which it travels and those in which the facilities are located. For this reason, we are involved in a number of ways in a continuing program of noise and air pollution abatement.

A constant up-grading of equipment is maintained, and the latest anti-noise and air pollution devices available are specified when purchasing new equipment.

Terminal facilities are located away from metropolitan areas and near expressways and highways wherever possible to reduce

traffic congestion. Further, we are always exploring new and innovative transportation techniques that might further reduce traffic, noise and air pollution.

A Look Forward to 1973

Maislin Industries Ltd.'s policy of acquisitions remains a significant factor in its expansion plans for 1973.

The acquisitions of Highway Express Lines Inc. and H. P. Welch Co. during the year just ended, will certainly have a beneficial effect on Maislin's overall profit picture in 1973, with anticipated revenues from these two companies alone adding over $20 million to projected 1973 sales. In addition, they will enable the Company to offer a more complete service to its customers, thereby enhancing its opportunities of increasing its market share, not only in these respective areas, but in all areas of service in 1973.

Furthermore, as the leading international motor carrier between the United States and Canada, Maislin has acquired substantial experience in matters such as customs regulations, which also gives the company a definite competitive edge. Management therefore, considers the potential for growth in this area quite attractive.

Our expansion program is still underway, with activities concentrated on additional areas where strong markets exist for Maislin services. These potential acquisitions, along with diversification of services, should further augment the Company's growth potential.

The strong surge of the economy itself will also continue to have a favourable effect on Maislin Industries' operations. The major market areas served by Maislin are enjoying high levels of industrial activity which should be reflected in increased demands for transportation services. The Company's management and resources are well positioned to take full advantage of these current upward economic trends, which are expected to continue throughout the remainder of the year.

Major capital expenditures in replacement of equipment, warehousing facilities and cost-reduction projects will exceed any previous amount spent in these areas and will result in both increased operating efficiency and reduced operating costs. In the long term, this should result in an even better operating ratio.

Consequently, Maislin has entered 1973 stimulated and encouraged by all these events and facts, as well as by its own progress, and is very optimistic that these factors should create favourable conditions for constant development.

Appreciation

In looking to the future, the Board realizes of course, that the continued growth and achievements of Maislin Industries depend as much on the skills and dedication of the employees of the Company as on anything else. They are undoubtedly one of our greatest assets. Their contributions in helping us achieve our objectives are greatly valued.

The Board of Directors wishes therefore, to express its most sincere appreciation for the efforts and loyalty of all their employees whose cooperation and efficiency helped make possible the improved results for 1972.

Also, for business received from our valued customers, for the confidence of our stockholders, and for the cooperation of our suppliers and others with whom we work, we are sincerely grateful.

On behalf of the Board,

Samuel Maislin
Chairman of the Board

Sydney Maislin
President

Montreal, Quebec
April 27, 1973

Samuel Maislin

Sydney Maislin

MAISLIN

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Maislin Industries Ltd. and subsidiaries as of December 31, 1972 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and subsidiaries at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SCHARF, KWIAT & PINKUS
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Montreal, Que.
February 27, 1973.

MAISLIN INDUSTRIES LTD.

Consolidated

December
with comparative

ASSETS

	1972	1971
Current assets:		
Cash, including term bank deposits	$ 319,583	$ 459,296
Accounts receivable	8,934,120	8,805,292
Due from shareholders	90,000	—
Inventories of parts and supplies at the lower of cost or replacement cost	558,557	503,659
Prepaid expenses	491,294	429,480
	10,393,554	10,197,727
Loans receivable—shareholders	475,628	—
—other	70,000	51,404
Investment in and advances to 50% owned company:		
Common shares (note 1)	49,017	13,744
Mortgage receivable	305,000	305,000
Advances	145,000	70,000
	499,017	388,744
Other investments, at cost	—	45,000
Deposit and expenses incurred on acquisition of a company (note 9)	314,027	—
Fixed assets (note 2)	37,262,386	33,998,425
Less accumulated depreciation	13,195,125	11,575,980
	24,067,261	22,422,445
Other assets:		
Operating rights and goodwill, at cost	467,493	462,496
Excess of cost of shares in subsidiaries over equity in the net assets at dates of acquisition	1,525,767	1,553,352
Unamortized finance charges	1,238,917	1,219,998
Sundry	78,579	105,208
	3,310,756	3,341,054
	$39,130,243	$36,446,374

See accompanying notes to consolidated financial statements.

AND SUBSIDIARY COMPANIES

Balance Sheet

31, 1972
figures for 1971

LIABILITIES AND SHAREHOLDERS' EQUITY

	1972	1971
Current liabilities:		
Bank loans	$ —	$ 53,550
Accounts payable and accrued charges	5,776,259	6,485,303
Income taxes payable	375,105	1,691,556
Long-term debt payable within one year (note 3)	419,510	503,847
Other loans payable	10,342	254,300
Total current liabilities (exclusive of liens on automotive equipment due within one year)	6,581,216	8,988,556
Liens on automotive equipment due within one year	4,162,258	3,696,664
Long-term debt (note 3)	11,212,270	11,754,856
Deferred income taxes (note 4)	387,526	329,172
Amounts collected under Employees' Stock Purchase Plan (note 5)	77,382	—
Shareholders' equity:		
Capital stock:		
Common shares without par value. Authorized 7,000,000 shares; issued 2,458,090 shares (1971—2,233,090 shares) (note 6)	5,013,230	2,369,480
Retained earnings, per accompanying statement (note 7)	9,323,917	6,935,202
Excess of appraised value of land over cost (note 2)	2,372,444	2,372,444
Total shareholders' equity	16,709,591	11,677,126
Contingent liability and commitments (notes 8 and 9)		
	$39,130,243	$36,446,374

On behalf of the Board:
Sydney Maislin, Director.
Clement Beauregard, Director.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Retained Earnings

Year ended December 31, 1972 with comparative figures for 1971

	1972	(Note 1) 1971
Freight revenue	$43,260,856	$40,508,606
Vehicle leasing and rental revenue	2,617,040	2,291,864
Rents and other revenue	2,211,354	1,077,630
Moving revenue	487,369	287,990
	$48,576,619	$44,166,090
Income before the undernoted items	$ 8,697,709	$ 8,188,586
Depreciation	3,187,567	2,806,667
Interest on long-term debt, including amortization of finance charges	1,212,893	1,073,044
	4,400,460	3,879,711
	4,297,249	4,308,875
Income taxes (note 4):		
Current (after giving effect to U.S. investment credit of $58,870; 1971 — $91,336)	1,973,647	2,025,000
Deferred	49,523	125,000
	2,023,170	2,150,000
	2,274,079	2,158,875
Company's portion of income (loss) of 50% owned company (note 1)	35,273	(6,560)
Income before extraordinary item	2,309,352	2,152,315
Income tax reductions resulting from application of losses of prior years in certain subsidiary companies	79,363	—
Net income	2,388,715	2,152,315
Retained earnings at beginning of year	6,935,202	4,782,887
Retained earnings at end of year	$ 9,323,917	$ 6,935,202
Earnings per share (note 10):		
Income before extraordinary item	$ .99	$ .96
Net income	$ 1.02	$ .96

See accompanying notes to consolidated financial statements.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES
Consolidated Statement of Source and Application of Funds
Year ended December 31, 1972 with comparative figures for 1971

	1972	(Note 1) 1971
Funds provided:		
Net income	$ 2,388,715	$ 2,152,315
Depreciation	3,187,567	2,806,667
Deferred income taxes	43,523	135,472
Gain on foreign exchange on long-term debt	(92,225)	(47,080)
Other	(83,095)	(50,435)
Funds provided from operations	5,444,485	4,996,939
Proceeds from sale of automotive equipment	1,482,715	1,939,279
Liens on automotive equipment (net of finance charges)	5,472,134	5,793,454
Increase in long-term debt	—	2,605,000
Employees' stock purchase plan	77,382	—
Capital stock issued	2,643,750	—
Other	88,742	—
Total funds provided	15,209,208	15,334,672
Funds used:		
Purchase of automotive equipment	6,207,272	6,431,768
Reduction of long-term debt	420,700	1,870,292
Reduction in liens on automotive equipment (net of finance charges)	5,144,239	4,372,431
Repayment of loans from an affiliated company — net	266,423	267,710
Repayment of other loans	—	212,996
Investments	389,174	721,338
Other	117,217	30,187
Total funds used	12,545,025	13,906,722
Working capital increase	$ 2,664,183	$ 1,427,950
Working capital at beginning of year	$ 1,209,171	$ 131,822
Working capital deficiency of subsidiaries acquired during the year	(61,016)	(350,601)
	1,148,155	(218,779)
Working capital increase at end of year	2,664,183	1,427,950
Working capital at end of year	$ 3,812,338	$ 1,209,171

See accompanying notes to consolidated financial statements.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES
Notes to Consolidated Financial Statements
December 31, 1972

(1) Principles of consolidation:

The consolidated statements include the accounts of the company and all its subsidiaries. In the consolidated financial statements for the year ended December 31, 1971 the loss on the operations of an auto rental subsidiary company was shown as a single item in the consolidated statement of income. In the accompanying statements the results of the operations of this subsidiary are included under the appropriate revenue and expense headings.

During the year the company acquired all the issued shares of International Acceptance Corporation and a subsidiary company acquired all the issued shares of Leaside Movers, Cartage and Storage Limited. The results of the operations and source and application of funds of these companies are included in the accompanying statements from dates of acquisition.

Investment in a 50% owned company is being accounted for under the equity method.

Current assets and liabilities in U.S. funds and payments due in U.S. funds within one year under liens on automotive equipment have been translated into Canadian dollars at the rate of exchange in effect at December 31, 1972. Other assets and liabilities in U.S. funds have been translated at the rates of exchange in effect at the dates on which they were acquired or incurred. Income and expenses other than depreciation have been translated at the average rate of exchange for the year.

(2) Fixed assets:

		1972	1971
(a)	Land	$ 5,302,159	$ 5,299,361
	Roadways and paving	524,768	450,137
	Buildings	6,198,624	6,195,120
	Automotive equipment	18,971,233	16,435,333
	Rental fleet	4,998,478	4,576,924
	Other equipment	1,267,124	1,041,550
		$ 37,262,386	33,998,425

(b) Land is included at replacement value as appraised by Eugène Thérien, F. J. Shankland and Realty Appraisal Co. in May, June and July 1969, with additions subsequent to the appraisals at cost. All other fixed assets are at cost. The increase in value as shown by the appraisals is included in shareholders' equity as "Excess of appraised value of land over cost".

(c) In 1962 a company erected a terminal for Maislin Realty Corp., a subsidiary company, in East Rutherford, New Jersey, at a cost of U.S. $1,102,940 and entered into an agreement to lease the terminal for a period of fifteen years at a monthly rental of U.S. $12,500. The agreement includes an option to purchase the terminal for $1 at the termination of the lease. Maislin Realty Corp. has given notice of its intention to exercise its option and the transaction has been recorded in the accounts as an addition to land and buildings of U.S. $1,102,940, offset by a liability of the same amount. The liability is being reduced by the payments of U.S. $12,500 per month on the basis that they are blended payments of principal and interest at a calculated rate of 10.947% per annum.

This terminal is located on the proposed site of the New Jersey Meadowlands project. Officials are confident that if the property is taken over by the governmental authorities, the company will receive more than the net value at which the property is carried in the financial statements.

(d) Depreciation of automotive equipment is provided on a straight-line basis over the estimated useful life of the individual assets. The life for automotive equipment in the transportation business is estimated at 6 to 8 years; in the auto rental business, 50 months. Other property and equipment are depreciated on the following basis:

Roadway and paving	4% diminishing balance
Buildings	5% diminishing balance
Other equipment	Various

(3) Long-term debt:

	1972	1971
Mortgages payable (secured):		
Repayable in Canadian dollars:		
7¼% payable monthly to 1976	$ 1,061,314	$ 1,106,044
7½% payable monthly to 1976	230,000	290,000
10½% payable monthly to 1976	2,171,822	2,239,395
Payable monthly to 1978, bearing interest at rates ranging from 7½% to 8½%	58,774	76,986
	3,521,910	3,712,425
Repayable in U.S. dollars:		
7% payable monthly to 1982 (U.S. $347,751; 1971—U.S. $371,048)	371,954	397,135
Total mortgages payable—	3,893,864	4,109,560
Balance payable—East Rutherford Terminal (U.S. $538,640; 1971—U.S. $624,495) (note 2(c))	571,857	664,891
Loan—6¾% payable in 1972—secured by automotive equipment	—	65,900
Loan—interest at prime lending rate of Bank of Montreal, secured by investments in a 50% owned company, payable quarterly from December 1972 to September 1975	279,584	305,000
Unsecured notes and loans due 1972 bearing interest at rates ranging from 6% to 8%	—	31,250
Loans from directors	26,497	82,800
Other loans bearing interest at 6%	96,246	—
Liens on automotive equipment due after one year	6,763,732	6,999,302
	11,631,780	12,258,703
Less payments due within one year	419,510	503,847
	$11,212,270	$11,754,856

(4) Income taxes:

A subsidiary company has not set up as deferred income taxes an amount of $1,050,000 by which income taxes were reduced up to December 31, 1967.

Subsidiary companies have investment tax credits of $104,000 available for carry forward against future U.S. federal income taxes. In addition, other subsidiaries have, on an accounting basis, income tax losses amounting to $1,310,000 available to carry forward against future income.

(5) Stock options:

The company has adopted a Stock Option Plan under which 100,000 shares may be made available to key employees of the company and its subsidiaries. Under the terms of this plan options may be exercised within five years of their being granted. The option price is the closing market price of the shares on the day the option is granted. As of December 31, 1972, no options had been granted.

The company has also adopted an Employees' Stock Purchase Plan under which 100,000 shares are made available to the employees of the company and its subsidiaries. Subscription agreements were initially accepted at $12.50 per share for the 30 days following the offering of the shares to the public in 1972. Subsequent subscriptions will be accepted during the month of January each year at the closing market price on January 31 of that year. Amounts receivable under this plan must be paid over a three year period. Amounts received to date under this plan are shown as a deferred liability on the attached balance sheet.

(6) Capital stock:

During the year the company issued 225,000 shares for a cash consideration of $2,643,750.

(7) Retained earnings:

Under the terms of a loan agreement dividends on common shares shall not be declared or paid if, after giving effect to such declaration or payment, the consolidated retained earnings of the company will be less than $4,800,000.

(8) Contingent liability:

A subsidiary company is jointly and severally liable as a guarantor of a mortgage payable by a 50% owned company in the amount of $2,114,666.

(9) Commitments and subsequent events:

Effective January 15, 1973 a subsidiary acquired 99.9% of the issued and outstanding shares of Highway Express Lines Inc. for a base price of $3,147,353. The base purchase price is subject to adjustment related to changes in the consolidated net worth of the acquired company. Arrangements have been made with a Canadian chartered bank for a special bank loan repayable quarterly over a five-year period to finance this acquisition. Expenditures incurred to December 31, 1972 on this transaction consisted of a deposit of $300,000 and expenses of $14,027.

On November 14, 1972 a subsidiary entered into an agreement to purchase all the issued and outstanding shares of H. P. Welch Co. for a base price of $440,000. The base price is subject to adjustment related to a change in the net worth of the company to be acquired. In addition the subsidiary has agreed to guarantee the repayment of certain indebtedness of H. P. Welch Co. amounting to $410,000. In any event the purchase price for the shares shall not exceed $440,000. The transaction is subject to approval by the Interstate Commerce Commission of the United States and such other regulatory agencies in the United States whose consent may be necessary.

The company's subsidiaries have entered into lease agreements calling for annual rentals of approximately $409,000. Certain agreements are renewed on a year to year basis and leases for longer periods, providing for annual payments of approximately $140,000, expire up to 1979. These amounts do not include payments with respect to the East Rutherford, New Jersey, terminal.

(10) Earnings per share:

The earnings per share figures have been calculated using the weighted monthly average number of shares outstanding during the respective fiscal periods.

The issuance of shares under the Employees' Stock Purchase.Plan (note 5) would not have a material dilutive effect on earnings per share.

(11) Remuneration of directors and officers:

The aggregate direct remuneration of directors and senior officers as required under The Securities Act (Ontario) amounted to $250,000 for each of the years 1972 and 1971.

Motor Transport Operations

General Commodities Division

The fiscal year 1972 was, without a doubt, a most productive and successful year for **Maislin Transport Ltd.** and subsidiary companies. One of the main reasons for this of course, is the fact that the motor carrier industry directly reflects the state of the economy. As the economy picks up, so does manufacturing. And with an increase in manufacturing comes an increase in the sales and purchases of both raw materials and finished products. Naturally these products, be they raw or finished, inevitably at one point travel via motor carrier.

A strong upswing in the general economy, coupled with the parity of the Canadian and U.S. dollar and adjustments in tariff regulations, resulted in the heavy movement of import and export goods and an increased demand for motor carrier services.

	1972	1971
Sales	43,260,856	40,508,606
Shipments and Tonnage		
Number of shipments	697,000	714,000
Total tonnage	1,184,000	1,148,000
Tonnage/Shipment	1.70	1.61
Revenue/Tonnage	36.54	35.29
Revenue/Shipment	62.07	56,73
Operating Ratio	90.9%	89.0%

The establishment of new divisions and departments in 1972, has started to bring about deeper penetration of the transportation market, along with tighter monetary and operating controls within our Company.

Perishable Commodities Division

Perishables are one of the major imports and exports in Canada. Goods, of course must always be protected according to season, and thus require specialized equipment including variable temperature refrigerated trailers and insulated trailers with heaters. Equipment of this nature, in our perishable commodities fleet, was increased by 44% in 1972. Subsequently, we were able to handle 1,759 shipments for a total of 31,000 tons, an increase of 195% over 1971.

Heavy and Specialized Equipment Division

Recognizing the market potential for the transportation of unusually heavy or bulky freight, Maislin created a special division in 1972 whose sole responsibilities were the handling of all aspects pertaining to this type of freight.

This division offers a complementary service to that of the general commodities operations and handled a total of 586 shipments in its first year of operation.

Since this division specializes in the movement of machinery, oversize vehicles and tanks, it was necessary to purchase equipment which could properly handle this type of freight.

Volume Commodities Division

Further development late in 1972 led to the establishment of another specialized division for the management of high volume commodities such as paper, asbestos, aluminum, and others.

This specialized division has led to improved customer relationships with a number of clients, as well as vastly improved service controls and effectiveness.

Household Moving Division

Seeing the potential in this area and wanting to explore and captivate the market as much as possible, the Company commenced operations in the field of household moving and storage in 1971 through the acquisitions of **April Transport Inc.**, a Quebec based mover. In 1972, **Leaside Movers, Cartage and Storage Ltd.**, an Ontario based mover, was acquired. As a result, **M.I.L. Van Lines Ltd.**, the Company's household moving subsidiary realized an approximate 50% increase in number of vehicles, plus expanded market connections and contacts that enabled the Company to enjoy almost a 70% increase in gross revenue.

In addition, in 1972, M.I.L. Van Lines moved to new headquarters comprising 1,700,000 cubic feet and employing all the latest handling and shipping techniques including complete palletization facilities.

Furthermore, two new and very important markets were opened in the areas of office, factory and business moving and overseas packing and shipping.

Prospects in 1973 for this division are extremely promising.

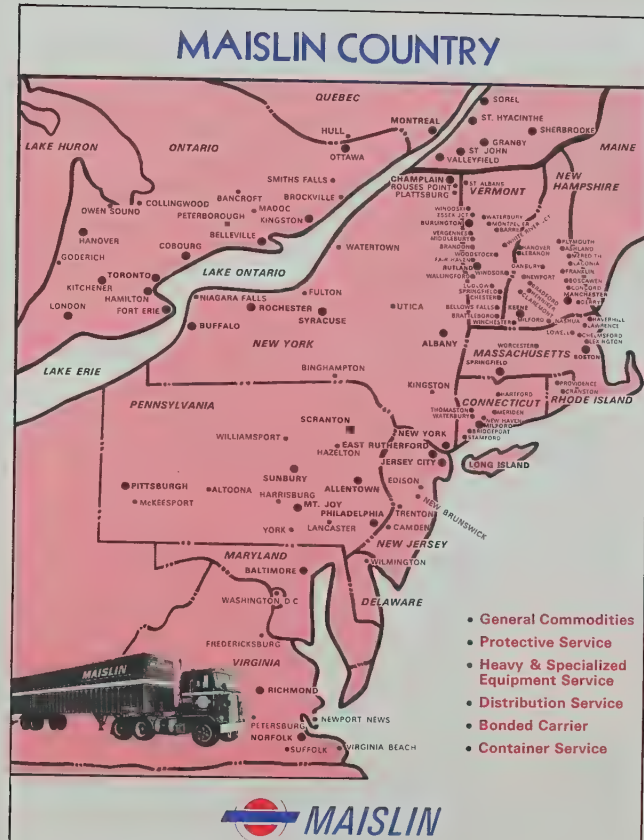
Container Division

Today's motor carrier is no longer restricted by the physical boundaries of water. New inter-modal relationships provide the common carrier with the opportunity of offering his customers single unitized service from plants in North America to factories around the world. Our Company has been instrumental in pioneering this form of inter-modal transportation.

Maislin's largest volume of container traffic is through the Port of New York, followed by the Port of Montreal. The Company also covers many other major east coast container ports.

After the 1971 East Coast Dock Strike, traffic through the Ports of New York and Montreal slowly returned to normal in 1972, with only a minimal interruption in inter-provincial traffic resulting from the 1972 Port of Montreal Dock Strike.

Consequently, during the 4th quarter of 1972, we were handling containers at a very high rate of volume.

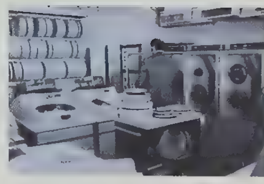


Acquisitions

The most significant events in the motor transport operations were the acquisitions of **H. P. Welch Co.** and **Highway Express Lines Inc.** by our Company. These acquisitions, which have greatly expanded our operating scope and markets, are expected to show positive gains for the Company within a relatively short period of time. Refer to Note 9 of the Financial Statements.

Industry Trends

In general, 1972 was an excellent year for the trucking industry and its suppliers. Manufacturers of equipment received record level commitments for the construction of new equipment. Unfortunately increased demand has caused serious delays in delivery dates. Beyond that, the outlook for 1973 would appear to be even brighter than was 1972 for the industry—and for Maislin.



Accident Prevention

The Company places strong emphasis on the importance of highway safety and accident prevention, and is considered to be one of the leaders in training within the transport industry. All Maislin drivers are graduates of the Defensive Driving Course developed by the National Safety Council and Canada Safety Council. Drivers receive continuing instruction in this area through regular safety meetings.

In addition to our extensive training program, the Company maintains a road patrol program to help ensure the safety of our personnel and the motoring public. Maislin also has a library in excess of 100 films and slide presentations on the subject of safety and accident prevention, and conducts regular personalized reviews of each driver's record.

It is not surprising, then, that in 1972 the Company won the Trucking Association of Quebec Insurers Trophy for accident reduction for carriers with 50 or more units.

The development and implementation of industrial accident prevention programs have been undertaken for the general welfare and protection of our employees.

Terminals

1972 was a year of intensive planning, as acquisitions, extension of our geographical boundaries, and increased volume at most of our main terminals made it evident that expansion of these facilities would soon be necessary.

In East Rutherford, New Jersey, the Company received notice that its terminal facilities and adjacent land were being expropriated by local governmental authorities as part of the New Jersey "Meadowlands" redevelopment project. As a result, plans are currently underway to buy or construct new terminal facilities in that city.

In Philadelphia, existing Maislin and Highway Express Lines terminal facilities have proven no longer adequate and, as a result, the Company has recently acquired 13.6 acres of land in the Township of Ben Salem, Philadelphia in order to construct new and larger terminal facilities.

The Company also anticipates building larger, more modern facilities in the Boston area to handle added traffic resulting from the acquisition of the H. P. Welch Co.

Plans are also underway for expansion in 1973 of both Toronto and Montreal facilities, including the Company's corporate offices.

Whereas the Company operated out of 25 terminals in 1972, already this number has increased to 43 at this point in 1973.

Vehicle Leasing & Rental Operations

Auto Hire (Canada) Ltd., a wholly owned subsidiary of the Company, was brought forward from a loss position in 1971 to a profit position in 1972 and has been developed into one of the most progressive transportation leasing companies in Canada. One of the reasons for this is that we have endeavoured to build an industry image of service-oriented reliability. We maintain offices and fully-owned service centers in Montreal and Toronto, with affiliates throughout Canada. Although the major portion of our business is still in Ontario and Quebec, we are presently leasing units in every province in Canada.

Through an aggressive management policy of better controls, proper pricing and improved customer servicing, the car leasing division showed significant gains in 1972, with a 17% increase in revenues and over a 10% increase in size of fleet.

Similarly, the truck rental division realized dramatic gains, as revenues increased by 48% and the number of vehicles in the fleet increased by 40%.

Auto Hire has also actively entered the fast developing field of heavy duty tractor and trailer leasing and rental, with the purchase of considerable new equipment in 1972. Entry into this market was brought about both by the recognition of strong market demands and trends, and because it was a natural outlet of the Company's operations.

AUTOHIRE

Airways Rent-A-Car System of Canada Ltd., an 80% owned subsidiary, has further developed the Company's daily and short term car rental business. We are also further developing our near-airport locations. To date, eleven rental franchises have been granted in principal cities across Canada, including

Halifax, Nova Scotia
Montreal, Quebec
Ottawa, Ontario
Toronto, Ontario
Thunder Bay, Ontario
Winnipeg, Manitoba
Saskatoon, Saskatchewan
Calgary, Alberta
Edmonton, Alberta
Vancouver, British Columbia
Victoria, British Columbia

The exclusive licensee in Canada of the worldwide Airways Rent-A-Car System Inc., Airways Rent-A-Car System of Canada Ltd., receives an override of the gross receipts of all franchises in return for its operational and promotional assistance and considerations.

With both the leasing and rental of vehicles on the upswing in a greatly expanding market, both Auto Hire and Airways are looking forward to new growth opportunities and a sustained bid for leadership in their industry in 1973.

AIRWAYS
RENT-A-CAR

Warehousing, Distribution & Realty Operations

Warehousing Division

As expected, industrial warehousing soared to a high level in 1972 as parity of the U.S. and Canadian dollar caused manufacturers, exporters, and importers alike, to increase their volume and inventories.

Through its wholly owned subsidiary, **LaSalle Industrial Warehouse Ltd.,** the Company owns and operates a 200,000 square foot public warehouse adjacent to the LaSalle terminal and operates another 100,000 square foot warehouse leased from **LaSalle Industrial Development Corporation.**

The 300,000 square foot operation experienced an overall increase of 23% in volume, with an average utilization of 90% in 1972.

A natural outgrowth of the international carrier operations was the establishment of inland bonded sufferance warehouses for the clearance through customs of transported merchandise. In Canada, these include warehouses in Montreal and Toronto, where, in addition to providing for Maislin's own needs, 15% and 80% respectively of the available space is leased to independent users. Similar facilities are located in the United States for the exclusive use of the Company.

After a somewhat slow period in this phase of the business through 1970-71, the situation has improved as a result of the expanding economic situation.

Public warehousing on the whole is gaining significant momentum, with domestic manufactürers, exporters and importers, and present trends and volumes are expected to continue and even increase during the next few years. With warehouse space already at a premium, the outlook for 1973 in this area, for **Maislin Industries Ltd.,** is excellent.

Distribution Division

In an effort to reduce distribution costs, more and more companies are decreasing their number of warehouses and distributing centers in favour of selecting one or two geographically, well-located key warehousing points, and using the combined abilities of the common carrier and the distribution center.

The result has been a heavy demand for high quality distribution services. Consequently, **Ace Trucking Inc.,** the Company's wholly owned distribution division, experienced an 85% increase in volume, a 54% increase in fleet, and a 100% plus utilization of floor space in 1972.

Ace Trucking, in conjunction with **Maislin,** is able to offer combined distribution and transportation facilities that few companies can match for either speed or efficiency.

Demands for this division's services are therefore expected to continue to show significant increases in 1973.

Realty Division

Many companies still find it advantageous to handle their own warehousing and distribution. Consequently, the demand for leased warehouse space was extremely great in 1972. This in turn, resulted in a 95% utilization of the 800,000 square feet of space owned by **LaSalle Industrial Development Corporation,** a 50% owned subsidiary of **Maislin Industries Ltd.**

In other areas of real estate, while few developments took place during the year 1972 extensive plans were made for future implementation.

Maislin Industries Ltd.
Five Year Review

* before extraordinary items

Maislin Industries Ltd.
...a total Distribution & Transportation System

Operating subsidiaries include:

MAISLIN TRANSPORT LTD.

Ace Trucking Inc.
Argosy Carriers Limited
Champlain Transport Inc.
Granby Express Inc.
Frontenac Transport Limited
Maislin Bros. Transport (U.S.) Ltd.
MIL Warehousing Ltd.
Maislin Service Centre Ltd.

plus recent acquisitions:
H. P. Welch Co.
Highway Express Lines Inc.

MAISLIN REALTY LTD.

LaSalle Industrial Development Corporation (50% owned)
Maislin Realty Corp.
Montreal Truck Sufferance Warehouse Ltd.
Toronto Sufferance Truck Terminal Ltd.

AUTO HIRE (CANADA), LTD.

Airways Rent-A-Car System of Canada Ltd. (80% owned)
Lauzon Drive Yourself Inc.
Rex Auto Sales Inc.

LIZMAX HOLDING CORP.

LaSalle Industrial Warehouse Ltd.

INTERNATIONAL ACCEPTANCE CORPORATION

MIL VAN LINES LTD.

April Transport Inc.
Art Crawford Transport Inc.
Leaside Movers, Cartage and Storage Ltd.

MAISLIN

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This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offense.

Circular No. 586A
July 4, 1972

New and Secondary Issue

Maislin Industries Ltd.

450,000 Common Shares
(without par value)

Of the 450,000 Common Shares offered by this prospectus 225,000 Common Shares are being purchased from the Company and 225,000 Common Shares are being purchased from the Selling Shareholders whose names and holdings are shown on page 8 under "Principal and Selling Shareholders". The Company will not receive any part of the proceeds from the sale of the Common Shares being purchased from the Selling Shareholders.

There is no market for the Common Shares of the Company and the price for this offering was determined by negotiations between the Company, the Selling Shareholders and the Underwriter.

The book value of the outstanding Common Shares on a consolidated basis prior to completion of this issue was $5.43 per share and upon completion of this issue will be $6.00 per share. Based on the price to the public of $12.50 per share, purchasers of Common Shares are suffering an immediate dilution in the book value of their shares on a consolidated basis of $6.50 per share.

Applications have been made to list the Common Shares of the Company on the Montreal and Toronto Stock Exchanges. Acceptance of the listings will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

Price: $12.50 per share

	Price to Public	Underwriting Commission	Proceeds to the Company*	Proceeds to Selling Shareholders*
Per share	$12.50	$0.75	$11.75	$11.75
Total	$5,625,000	$337,500	$2,643,750	$2,643,750

*Excluding expenses of issue, of which 50% will be paid by the Company and 50% will be paid by the Selling Shareholders.

We, as principals, conditionally offer these Common Shares subject to prior sale, if, as and when issued, delivered to and accepted by us in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" on page 7 and subject to the approval of all legal matters on behalf of the Company and the Selling Shareholders by Messrs. Gameroff, Fenster, Kandestin, Gelfand & Kugler, Montreal, and on our behalf by Messrs. Byers, Casgrain & Stewart, Montreal.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates, in definitive form, will be available for delivery on or before July 25, 1972.

MERRILL LYNCH, ROYAL SECURITIES
LIMITED

MONTREAL · TORONTO · VANCOUVER · VICTORIA · CALGARY · EDMONTON · REGINA · WINNIPEG
HAMILTON · OTTAWA · QUEBEC · SAINT JOHN · HALIFAX · CHARLOTTETOWN · ST. JOHN'S · LONDON, ENGLAND

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The Company

Maislin Industries Ltd. is a holding company created by the amalgamation under the laws of Quebec of four private Quebec companies by Letters Patent (Amalgamation) dated November 2, 1970. The principal subsidiaries of the Company are Maislin Transport Ltd., Maislin Realty Ltd. and Auto Hire, (Canada). Ltd., all of which are wholly owned. Maislin Transport Ltd. and Maislin Realty Ltd. are Quebec companies incorporated by Letters Patent dated November 5, 1952 and November 29, 1966, respectively. Auto Hire, (Canada), Ltd. was incorporated under the Canada Corporations Act by Letters Patent dated May 26, 1965. The head offices and principal places of business of these companies are located at 7401 Newman Boulevard, LaSalle, Quebec, on the island of Montreal.

Unless the context requires otherwise, the term "Company" used throughout this prospectus will mean collectively Maislin Industries Ltd. and its wholly owned subsidiaries as well as their wholly and partially owned subsidiaries. A complete list of these subsidiaries is shown on page 10.

Business

The Company carries on motor transport and related businesses originally established in 1945 by members of the Maislin family. Initially the operations consisted of transporting perishable products between Montreal and New York. In 1948 a programme of expansion to cover all types of general freight was commenced and other carriers and route permits in Canada and the United States were subsequently acquired. The Company has also diversified its operations to include public warehousing, household goods moving and automobile and truck leasing.

The motor transport business of the Company is carried on by Maislin Transport Ltd. and its wholly owned subsidiaries. This company is active in the transportation of general commodities in and between the Provinces of Quebec and Ontario and the States of New York, New Jersey and Pennsylvania.

Maislin Realty Ltd. and its wholly owned subsidiaries own or lease and operate warehouses in Montreal and Toronto as well as a number of trucking terminals used by the Company in the Provinces of Quebec and Ontario and the States of New York and New Jersey.

Auto Hire, (Canada), Ltd. is engaged in the automobile and truck rental business in Montreal and Toronto. This company in turn owns 80% of the shares of Airways Rent-A-Car System of Canada Ltd.

Through another wholly owned subsidiary, the Company owns all of the shares of LaSalle Industrial Warehouse Ltd., which owns and operates a public warehouse.

Growth and Development

The following is a summary of the Company's progress over the preceding five years.

	1967	1968	1969	1970	1971
Revenue	$27,045,418	$31,330,577	$35,063,736	$35,467,097	$41,649,911
Net earnings	$ 164,255	$ 1,047,096	$ 1,060,962	$ 681,037	$ 2,152,315
Earnings per share*	$ 0.08	$ 0.51	$ 0.57	$ 0.34	$ 0.96

*before extraordinary items

Due to a dock strike on the east coast of the United States in late 1971, the Company gained substantial revenues from shippers using Montreal as an alternative port. Although the revenues may be considered as non-recurring, the Company has retained and expects to retain a number of new accounts which have continued to use the port of Montreal on a regular basis. It is not anticipated that the dock strike presently affecting the port of Montreal will have any adverse effect on the revenues of the Company.

The financial results of the Company were also affected by losses incurred by Auto Hire, (Canada), Ltd., a newly acquired subsidiary. Net income was reduced by $427,829 ($0.19 per share) in 1970 and $151,082 ($0.07 per share) in 1971.

Motor Transport Operations

The Company provides a regular international transport service in and between the Provinces of Quebec and Ontario and the States of New York, New Jersey and Pennsylvania. Canadian operations extend from Sorel in southwestern Quebec to London in southwestern Ontario, including Montreal, Toronto, Hamilton, Ottawa, Kingston and Kitchener. United States operations include service between New York, Syracuse, Rochester and Buffalo and from points in New York State to Philadelphia and Lancaster, Pennsylvania. An indication of the areas served and the 3,500 miles of authorized routes covered is shown by the map on pages 10 and 11.

Service is also extended to most points in Canada and the U.S. beyond those directly served by the Company through participation in interchange and interline agreements with other motor carriers and with railroad, air and water carriers. Trailer interchange arrangements with other motor carriers are used extensively permitting shipments of trailer loads of freight without physical transfer of the freight from one trailer to another.

Operations are widely diversified as to the areas and customers served, size of shipments, commodities transported and length of haul. The general commodities transported include food products, metals, textiles, chemicals, electrical and electronic equipment, forest products, minerals and a wide variety of industrial machinery and manufactured goods. The Company has approximately 25,000 customers and handles an average of 15,000 shipments per week. No commodity and no industry accounted for more than 5% of the Company's motor transport revenues during the three fiscal years ended December 31, 1971 and no single customer during this period accounted for more than 3% of the Company's motor transport revenues.

In addition to carrying general commodities, the Company has developed considerable experience in the transportation of heavy industrial goods and has obtained limited route permits to carry such shipments between points in the Province of Quebec and the New England States and the States of New York, New Jersey and Pennsylvania. The Company also operates a container service between the ports of Montreal and New York and transports perishable commodities in temperature-controlled vehicles.

In 1971 the Company commenced operations in the field of household moving and storage through the acquisition of April Transport Inc., a Quebec carrier. With this acquisition the Company now has route permits within Quebec and from Quebec to six other provinces of Canada covering household moving services. Pending before the Quebec Transport Board is an application for the acquisition of an Ontario moving company. If approved, such acquisition would give the Company route permits from Ontario to five other provinces of Canada covering these services.

Properties

The Company conducts its business from 27 terminals, 13 of which are owned by the Company and 13 leased from other parties under leases expiring from 1972 through 1979. The Company operates the East Rutherford, New Jersey terminal under the lease/purchase agreement described in Note (2) (c) on page 17 under "Notes to Consolidated Financial Statements". The Company has given notice of its intention to exercise its option to purchase contained in this agreement at the termination thereof. Although no formal notice of expropriation has been received, the Company anticipates that this terminal and the vacant land adjacent thereto will be expropriated by local governmental authorities as part of the New Jersey "Meadowlands" redevelopment project. If the expropriation occurs, the Company plans to use the funds realized to replace the terminal.

The main terminals of the Company are as follows:

Location of Terminals	Land Area (square feet)	Warehouse, Office and Garage Space Occupied by the Company (square feet)	Number of Loading Doors Used by the Company
Quebec			
LaSalle	2,000,000	158,000	170
Ontario			
Toronto (Kennedy Rd.)	729,000	11,000	28
Toronto (Mid Continent)	104,000	24,600	34
Toronto (Shorncliffe Rd.)	90,000	18,700	44
United States			
East Rutherford	2,800,000*	44,400	50
Philadelphia	67,200	10,300	27
Buffalo	589,000	48,300	52

*Includes 1,176,120 square feet of vacant land owned by the Company.

Other terminals are located in Quebec at Granby, Valleyfield, St. Jean, St. Hyacinthe, Sherbrooke and Sorel; in Ontario at Hamilton, Fort Erie, Belleville, Cobourg, Ottawa, Hanover, Kingston, Kitchener and London; in New York at Albany, Champlain, Rochester and Syracuse and at Lancaster, Pennsylvania.

As of December 31, 1971, the Company had 2,332 pieces of motor transport equipment, including 665 tractors, 1,393 trailers, 168 trucks and 106 miscellaneous vehicles. The Company is continually replacing, expanding and modernizing its fleet and estimates that in the current fiscal year 275 pieces of equipment will be purchased at an estimated cost of $2,500,000.

Particulars of the charges affecting the properties of the Company are contained in Note (4) on page 18 under "Notes to Consolidated Financial Statements".

The Company has a complete maintenance and repair facility at the terminal in LaSalle. There are also extensive maintenance and repair facilities in Toronto, Buffalo and East Rutherford. All other terminals are able to make minor repairs to the Company's equipment.

Further details of the properties of the Company are given under "Warehouse Operations" on this page.

Warehouse Operations

The Company, as an international carrier, has established sufferance warehouses for the clearance through customs of imported goods. These warehouses are located in Montreal and Toronto. Unrelated users lease approximately 15% of the Montreal warehouse and 70% of the Toronto warehouse. These facilities permit the Company and other users to provide rapid delivery of imported goods in Montreal and Toronto.

Through its wholly owned subsidiary, LaSalle Industrial Warehouse Ltd., the Company owns and operates a 200,000 square foot public warehouse adjacent to the LaSalle terminal and operates another 120,000 square foot warehouse leased from LaSalle Industrial Development Corporation.

The Company owns 50% of the shares of LaSalle Industrial Development Corporation, which has a 15 building warehouse complex on part of the 77 acres of land it owns in LaSalle. This complex comprises 800,000 square feet of warehouse, office and garage space, 95% of which is under lease, and further development is contemplated.

Vehicle Leasing Operations

Auto Hire, (Canada), Ltd. is engaged in leasing automobiles and trucks on a per diem and long term basis. This company operates approximately 1,200 vehicles from four locations in Montreal and one location in Toronto.

Auto Hire, (Canada), Ltd. in turn owns 80% of the shares of Airways Rent-A-Car System of Canada Ltd., the exclusive licensee in Canada of Airways Rent-A-Car System Inc. It is planned to expand operations by granting rental franchises throughout Canada. To date, nine such franchises have been granted. Pursuant to these franchises Airways Rent-A-Car System of Canada Ltd. is entitled to receive four percent of the gross receipts from the rental of vehicles and is obliged to assist the franchisees in the operation and promotion of their franchises.

Expansion

The Company has expanded its motor transport operations in part by acquisitions, the most significant of which are NY-NB Express (1964), now called Maislin Bros. Transport (U.S.) Ltd., Montreal-Ottawa Express Ltd. (1966) and Argosy Carriers Ltd. (1967).

Expanding its activities in household moving and storage, the Company in 1971 acquired all of the shares of April Transport Inc. and on May 24, 1972 purchased all of the shares of Leaside Movers, Cartage and Storage Limited. These acquisitions were financed out of the working capital of the Company. Both of these companies operate in the field of household moving and storage described under "Motor Transport Operations" on page 3.

In 1971, the Company expanded its public warehousing operations through the acquisition by Maislin Realty Ltd. of 50% of the shares of LaSalle Industrial Development Corporation. In that year, the Company also acquired the balance of the shares of LaSalle Industrial Warehouse Ltd. not previously owned by it.

The Company plans to increase its transportation and other operations in Canada and the United States through internal growth and, whenever possible, through further acquisitions.

Pending Acquisitions

By contract dated April 28, 1972, Maislin Transport Ltd. has agreed to purchase not less than 93% of the shares of Highway Express Lines, Inc. for a base purchase price of $3,000,000 payable on approval by the Interstate Commerce Commission of the United States and such other regulatory agencies in the United States whose consent may be necessary. Such approvals are not expected before October 31, 1972. Pending such approvals, the Company has deposited in escrow the sum of $300,000. The base purchase price is subject to adjustment related to changes in the consolidated net worth of the company to be purchased. Arrangements have been made with a Canadian chartered bank for a special bank loan repayable quarterly over a five-year period to finance this acquisition.

Highway Express Lines, Inc. is a motor common carrier having its head office in Allentown, Pennsylvania, with route authorities in upstate New York, New Jersey, Pennsylvania, Washington, D.C., Delaware, Maryland and Virginia, including the cities of Pittsburgh, Harrisburg, Reading, Scranton, Washington, D.C., Baltimore, Norfolk and Richmond. This will enable the Company to penetrate this heavily industrialized section of the eastern seaboard which includes two major seaports.

An application is pending before the Quebec Transportation Board for the acquisition from Savard Express Inc. of a permit enabling the Company to transport commodities in Quebec between Montreal and St. Eustache. The purchase price for the permit will be paid out of working capital.

The Company is presently negotiating for the purchase of not less than 67% of the shares of a large U.S. motor common carrier in exchange for a substantial number of Common Shares of the Company. As of this date, however, there is no agreement existing in respect of the proposed transaction.

Regulation of Business

In common with other provincial and inter-provincial motor carriers, the Company is subject to regulation by the Transport Boards of Quebec and Ontario and the Canadian Transport Commission and, in common with other interstate and international motor carriers, is subject to regulation by the Interstate Commerce Commission in the United States. These government agencies have broad regulatory powers covering most phases of a carrier's business, including the issuance and acquisition of permits and certificates, routes, rates, commodities shipped, equipment, work standards for drivers, safety regulations, weight, accounting systems, financing, mergers and acquisitions and the issuance of securities.

Employee Relations

On December 31, 1971 the Company had approximately 2,000 employees. Of this number, executive, administrative, sales and clerical personnel totalling 600 are not unionized. The remaining 1,400 are employed in the motor transport and warehouse operations of the Company and are members of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. The Company is a party to a number of labour agreements with various locals of this union in Canada and the United States most of which were negotiated by Canadian or United States trade associations of which the Company is a member. These agreements were negotiated on an industry-wide basis and provide for uniform wage rates.

The Quebec labour agreement expired on March 31, 1972 and as of this date has not been renewed. However, the conciliation board established in June of this year to resolve the multi-employer agreement has made its unanimous recommendations for a three-year agreement to expire on March 31, 1975 both to the union and the companies involved. The union has called a meeting for July 9, 1972 to accept or reject the conciliation board's report. Representatives of the companies involved are expected to meet subsequently to consider their position. If the members of the union do not accept the report, its representatives may be authorized to enter into further negotiations or to initiate strike action. A vote of 66⅔% of the members present and voting is required to authorize strike action. The expiration dates of the other agreements are September 30, 1974 for Ontario and June 30, 1973 for the United States.

During the past ten years the Company has had no interruption of its operations due to labour disputes except for a three and a half month period in 1966. Although industry-wide in Ontario, it affected only a portion of the Company's operations in this jurisdiction.

Litigation

Except for actions and claims arising out of highway accidents and other casualties, which are common in the motor transport industry, the Company is not a party to any legal proceedings, whether threatened or pending, which involve a material liability to the Company.

Capitalization

The consolidated capitalization of the Company is set out in the following table:

Designation of Securities	Amount Authorized	Outstanding March 25, 1972	Outstanding June 17, 1972	Outstanding June 17, 1972 after giving effect to this issue
Long-Term Debt				
Notes and Loans Payable	–	$ 1,013,476	$ 922,602	$ 922,602
Mortgages Payable ..	–	$ 4,059,297	$ 4,012,743	$ 4,012,743
Equipment Liens ...	–	$10,442,639	$10,247,231	$10,247,231
Secured Bank Loans ..	–	$ 53,025	$ 1,515,575	–
Share Capital				
Common Shares without par value	7,000,000	2,233,090 ($2,369,480)	2,233,090 ($2,369,480)	2,458,090 ($5,013,230)

Notes:–Reference is made to Note (4) on page 18 under "Notes to Consolidated Financial Statements" for particulars of long-term debt and to Note (9) under the same heading for particulars of lease commitments.

Retained earnings as at March 25, 1972 (unaudited) totalled $7,378,355.

Details of the Offering

Use of Proceeds

The net proceeds to be received by the Company from the sale of 225,000 Common Shares will be used to retire bank indebtedness incurred by the Company to pay corporate income taxes and to reduce trade accounts payable, which bank indebtedness at June 29, 1972 totalled $1,445,575. The balance of the net proceeds will be applied toward the purchase of machinery and equipment, the construction of new terminals proposed for Philadelphia, St. Hyacinthe and Cobourg and the prepayment of certain liens on automotive equipment but as of this date no funds have been specifically allocated for these purposes.

The Company will not receive any part of the proceeds from the sale of 225,000 Common Shares by the Selling Shareholders.

Plan of Distribution

Under an agreement dated July 4, 1972 between the Company, the Selling Shareholders and Merrill Lynch, Royal Securities Limited (the "Underwriter"), the Company agreed to sell 225,000 Common Shares and the Selling Shareholders agreed to sell 225,000 Common Shares to the Underwriter and the Underwriter agreed to purchase the aggregate of 450,000 Common Shares of the Company at a price of $11.75 per share, in each case payable in cash against delivery of certificates representing such Common Shares on or before July 25, 1972. The agreement provides that the Underwriter is obliged to take up and pay for all of the Common Shares if any of the Common Shares are purchased, that the obligations of the Underwriter are subject to the satisfaction of certain terms and conditions and that it may be terminated at the Underwriter's discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events.

Details of the Common Shares

Each Common Share of the Company carries one vote at all meetings of shareholders. All Common Shares rank equally with other Common Shares with respect to dividend rights and upon the winding-up or dissolution of the Company. Upon the completion of this issue there will be 2,458,090 Common Shares issued and outstanding, all of which will be fully paid and non-assessable.

Dividend Record

During the five years ended December 31, 1971 the only dividend paid was a stock dividend of 635,684 4% Class B Preferred Shares having a par value of $1.00 each. These shares were issued and subsequently redeemed by one of the amalgamating companies on July 1, 1970 in connection with the reorganization of this company described under "Interest of Management and Others in Material Transactions" on page 12. Any future declaration of dividends will depend upon earnings and other relevant factors, including the restriction on payment of dividends referred to in Note (7) on page 18 under "Notes to Consolidated Financial Statements".

Stock Option and Stock Purchase Plans

On May 16, 1972 the Company adopted a Stock Option Plan covering 100,000 Common Shares for key employees of the Company. Any option granted under this Stock Option Plan will be exercisable for a period not exceeding five years from the date of the grant and will be for a price equal to the closing price of the Common Shares of the Company on any stock exchange on which they may be listed on the last business day preceding the date of the grant. As of this date no options have been granted under the Stock Option Plan and there are no other outstanding options to purchase Common Shares of the Company.

On May 16, 1972 the Company in addition adopted an Employees' Stock Purchase Plan covering 100,000 Common Shares for other employees of the Company. For a period of 30 days from the delivery of the Common Shares offered hereunder 100,000 Common Shares will be offered under the Plan at the same price as the price to the public of the Common Shares offered hereunder with provision for payment over 156 weeks. Any of such Common Shares not taken up as aforesaid will be offered from time to time at stipulated periods at a price equal to the closing price of the Common Shares of the Company on any stock exchange on which they may be listed on the date fixed in accordance with the Plan with provision for payment over 156 weeks.

Principal and Selling Shareholders

The names of the Principal and Selling Shareholders of the Common Shares of the Company as of the date hereof, the number of Common Shares now owned by them, to be sold by them and to be owned by them after this issue, are set forth in the following table.

Name and Address of Shareholder	Number of Common Shares owned	Percentage of Common Shares outstanding	Number of Common Shares to be sold	Number of Common Shares to be owned after this issue	Percentage of Common Shares outstanding after this issue
Samuel Maislin (1) 980 Markham Road Town of Mount Royal, Quebec	358,872	16.1	30,000	328,872	13.4
Sydney Maislin (1) 1010 Markham Road Town of Mount Royal, Quebec	355,368	15.9	30,000	325,368	13.2
Saul Maislin (2) 47 Prospect Street Haworth, New Jersey	358,125	16	30,000	328,125	13.3
Alexander Maislin (2) 274 Franklin Street Haworth, New Jersey	358,125	16	30,000	328,125	13.3
Bernard Maislin (3) 3566 Beechhollow Crescent Cooksville, Ontario	120,420	5.4	35,000	85,420	3.5
Nathan Seligman (4) 358 Alexis Nihon Boulevard St. Laurent, Quebec	160,560	7.2	15,000	145,560	5.9
Abraham Maislin (2) 26 Park Circle Eggertsville, New York	160,560	7.2	–	160,560	6.5

Peter Baron (1) 2365 Mantha Avenue St. Laurent, Quebec	160,560	7.2	15,000	145,560	5.9
Clément Beauregard (1) 138 Bathurst Avenue Pointe Claire, Quebec	72,590	3.3	10,000	62,590	2.5
Myer Maislin (1) 5709 Whitehorne Avenue Cote St. Luc, Quebec	72,590	3.3	10,000	62,590	2.5
Jack Lesikin (2) 16 Jeffrey Place Monsey, New York	27,660	1.2	10,000	17,660	0.7
Simon Maislin (1) 4581 8th Street Laval, Quebec	27,660	1.2	10,000	17,660	0.7

(1) Name listed indicates control of the shares described, all of which (save not more than ten shares beneficially owned by him) are beneficially owned by his wife and/or children or grandchildren through a company or companies which is/are the shareholder(s) of record.

(2) Name listed is shareholder of record and trustee of a family trust which controls the shares. The beneficial ownership of such shares is shared with his wife and children who are the other parties to the family trust which expires on June 1, 1982.

(3) Name listed is shareholder of record and beneficial owner.

(4) Name listed is shareholder of record and trustee of a family trust which controls the shares, all of which are beneficially owned by his grandchildren through companies, which following the creation of the family trust are no longer shareholders of record.

Pursuant to an agreement dated May 1, 1972 and terminating on June 1, 1982, unless sooner terminated by 75% of the signatories thereto, the above mentioned persons designated Samuel, Sydney, Saul and Alexander Maislin and Clément Beauregard as voting trustees and gave them the power to vote all of the Common Shares they own or represent at all meetings of shareholders. In addition, all of the shareholders of Maislin Industries Ltd. have agreed not to sell, hypothecate, transfer or otherwise dispose of any Common Shares of the Company owned or represented by them for 180 days from the date of this offering without the prior written consent of the Underwriter.

Management

Directors and Officers

The names and home addresses of the directors and officers of the Company, the offices held by each and their principal occupations during the five preceding years, are as follows:

Name and Address	Office or Position	Principal Occupation during past five years
Samuel Maislin 980 Markham Road Town of Mount Royal Quebec	Chairman and Director	President, Maislin Transport Ltd.
Sydney Maislin 1010 Markham Road Town of Mount Royal Quebec	President and Director	Executive Vice-President, Maislin Transport Ltd.

SUBSIDIARIES

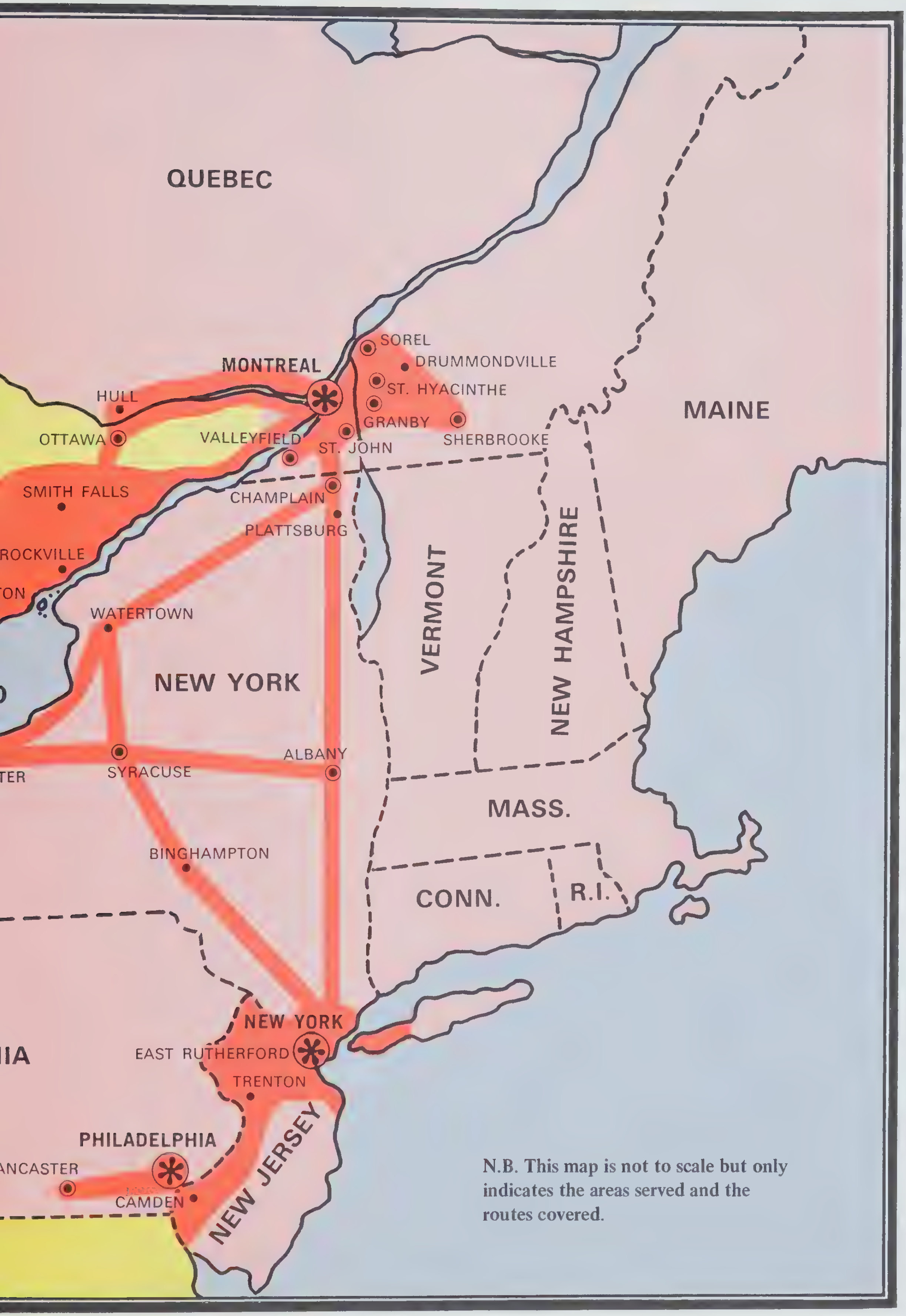
Maislin Transport Ltd.
- Ace Trucking Inc.
- Argosy Carriers Limited
- Champlain Transport Inc.
- Granby Express Inc.
- Frontenac Transport Limited
- International Transport Inc.
- LaSalle Transport Ltd.
- Leaside Movers, Cartage and Storage Limited
- Maislin Bros. Transport (U.S.) Ltd.
- Maislin Service Centre Limited
- MIL-Van Lines Ltd.
- Montreal-Ottawa Express Ltd.
- Valleyfield Express Limited

Maislin Realty Ltd.
- LaSalle Industrial Development Corporation (50% owned)
- Maislin Realty Corp.
- Montreal Truck Sufferance Warehouse Ltd.
- Toronto Sufferance Truck Terminal Limited

Auto Hire, (Canada), Ltd.
- Airways Rent-A-Car System of Canada Ltd. (80% owned)
- Lauzon Drive Yourself Inc.
- Rex Auto Sales Inc.

Lizmax Holding Corp.
- Art Crawford Transport Inc.
- April Transport Inc.
- LaSalle Industrial Warehouse Ltd.

International Acceptance Corporation



N.B. This map is not to scale but only indicates the areas served and the routes covered.

Name and Address	Office or Position	Principal Occupation during past five years
Clément Beauregard 138 Bathurst Avenue Pointe Claire Quebec	Executive Vice-President, Secretary-Treasurer and Director	Vice-President, Finance, Maislin Transport Ltd.
Saul Maislin 47 Prospect Street Haworth, New Jersey	Vice-President and Director	Vice-President, Eastern U.S. Region, Maislin Transport Ltd.
Alexander Maislin 274 Franklin Street Haworth, New Jersey	Vice-President and Director	Vice-President, Maislin Transport Ltd.
Laurent Beaudoin Valcourt, Quebec	Director	President, Bombardier Limited

Remuneration

The salaries and remuneration of the directors and senior officers of the Company are paid by Maislin Transport Ltd., the Company's principal operating subsidiary. The by-laws of Maislin Industries Ltd. and of Maislin Transport Ltd. provide that the directors and senior officers shall receive such remuneration as the board of directors shall from time to time fix by resolution. The aggregate remuneration paid to directors and senior officers during the year ended December 31, 1971 was $250,000 and for the 24 weeks ended June 17, 1972 was $115,375.

The cost in 1971 of all pension or retirement benefits proposed to be paid in the aggregate, directly or indirectly, to the directors and senior officers as a group in the event of retirement at normal retirement age is estimated at $7,500.

Interest of Management and Others in Material Transactions

Pursuant to the agreements referred to under "Prior Sales of Common Shares" on page 13, directors of the Company, companies controlled by them and members of the Maislin family acquired a total of 296,050 Common Shares of the Company.

By agreement dated May 1, 1972 the Company purchased all of the common and preferred shares of International Acceptance Corporation for a total of $71,500. One third of the common and 5% of the preferred shares of this company were beneficially owned by Samuel and Sydney Maislin. The purchase price represented 58.7% of the book value of such shares and was financed out of working capital. This company has from time to time borrowed money from the Company and its subsidiaries and reinvested the proceeds of same in loans or advances to the operating subsidiaries of the Company and members of management or companies in which they have an interest at nominal or no profit. As at May 1, 1972 International Acceptance Corporation had outstanding loans of $875,000 to Auto Hire, (Canada), Ltd., $138,424 to Samais Ltd., a company controlled by Samuel Maislin, $139,924 to Sydmais Ltd., a company controlled by Sydney Maislin, $145,000 to Sydney Maislin and $70,000 to Highway Transport Ltd., a company in which Clément Beauregard has a minority interest. The loans to members of management or companies controlled by them will be repaid within 90 days of the date of this offering. The loan to Highway Transport Ltd. will be repaid in accordance with its terms. It is not intended that further loans of this nature will be made. Pursuant to an agreement dated December 31, 1971 referred to under "Material Contracts" on page 13 the Company purchased all of the shares of Auto Hire, (Canada), Ltd. from International Acceptance Corporation.

On July 1, 1970, prior to the creation of the Company by amalgamation, one of the amalgamating companies then controlled by Samuel and Sydney Maislin sold to Samais Ltd. and Sydmais Ltd. certain investments which had no relation to the transportation and real estate holdings of the amalgamating company at market value being $711,629. The proceeds of this sale were used in part by the amalgamating company to redeem the previously declared and issued stock dividend of 635,684 Preferred Shares referred to under "Dividend Record" on page 8.

Reference is also made to Note (1) on page 17 under "Notes to Consolidated Financial Statements" for details of the Common Shares of Maislin Industries Ltd. issued to the shareholders of the amalgamating companies, all of whom were members of management, their families or companies controlled by them, on November 2, 1970, the date of amalgamation.

Prior Sales of Common Shares

The only sales of or transactions in Common Shares by the Company within the two years preceding the date hereof are as follows:

(1) By agreement dated December 1, 1970 between the Company and Myer Maislin and CEMJ Investment Corp., a company controlled by Clément Beauregard, the Company purchased 10% of the shares of Maislin Realty Ltd. and Lizmax Holding Corp., being 10 common shares and 100 common shares, respectively, for a total consideration of 62,200 Common Shares of the Company, which were considered to have a value of $8.00 each.

(2) By agreements dated December 1, 1970 between the Company and Samuel, Sydney, Saul and Alexander Maislin, companies controlled by them and members of their families, 233,850 Common Shares of the Company, which were considered to have a value of $8.00 each, were issued to these persons against the cancellation of $1,870,800 owing to them.

Note:—Reference is also made to "Interest of Management and Others in Material Transactions" on page 12 for details of the Common Shares issued to the shareholders of the amalgamating companies on November 2, 1970.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Company within the two years preceding the date hereof are as follows:

(1) Agreements referred to under "Prior Sales of Common Shares" on this page.

(2) Agreement dated December 1, 1970 between Her Majesty in Right of Canada and Maislin Transport Ltd., whereby Maislin Transport Ltd. agreed to purchase 77 acres of land in LaSalle, Quebec, with buildings erected thereon, for a price of $3,050,000 and made a down payment of $610,000 in partial payment thereof using funds advanced to it by Distillers Corporation Limited. The rights and obligations of Maislin Transport Ltd. under this agreement were assigned by it to LaSalle Industrial Development Corporation on January 20, 1971 and the purchase was concluded on April 15, 1971.

(3) Agreement dated April 29, 1971 between Her Majesty in Right of Canada, LaSalle Industrial Development Corporation and Maislin Transport Ltd. whereby Maislin Transport Ltd. jointly and severally guaranteed the payment by December 1, 1980 of the balance of price of $2,440,000, which bears interest at the rate of 9¾% per annum, due by LaSalle Industrial Development Corporation to Her Majesty in Right of Canada for the purchase of property described in (2) above.

(4) Agreements dated June 30, 1971 between Distillers Corporation Limited, Maislin Realty Ltd. and LaSalle Industrial Development Corporation whereby Distillers Corporation Limited and Maislin Realty Ltd. each confirmed having subscribed for 50% of the shares of LaSalle Industrial Development Corporation for a total of $50,000 and having advanced a total of $610,000 to such company and provided for their rights and obligations as shareholders of this company, whereby LaSalle Industrial Development Corporation acknowledged being indebted to each of Distillers Corporation Limited and Maislin Realty Ltd. for $305,000 and hypothecated the property described in (2) above in their favour to secure the repayment of same and whereby Distillers Corporation Limited loaned $305,000 to Maislin Realty Ltd. secured by a pledge of Maislin Realty Ltd.'s shares and $305,000 promissory note of LaSalle Industrial Development Corporation and the transfer of Maislin Realty Ltd.'s interest in the above mentioned hypothec. The loan bears interest equivalent to the prime rate of a Canadian chartered bank and is repayable in full on September 30, 1975.

(5) Agreements dated September 1 and October 8, 1971 with The Royal Trust Company of Montreal whereby Maislin Realty Ltd., Montreal Truck Sufferance Warehouse Ltd., Toronto Sufferance Truck Terminal Limited, Maislin Transport Ltd. and Maislin Industries Ltd. borrowed $2,250,000 secured by hypothecs and mortgages on and of the properties of these companies located in Quebec and Ontario. The loan bears interest at the rate of 10½% per annum and is repayable in full on October 15, 1976.

(6) Agreement dated December 15, 1971 with G.M.G. Investment Corp. of Montreal whereby the Company purchased the balance of the shares of LaSalle Industrial Warehouse Ltd. not owned by it for the sum of $225,000 and LaSalle Industrial Warehouse Ltd. acknowledged owing $219,000 and interest to G.M.G. Investment Corp.

(7) Agreement dated December 16, 1971 with the Estate of the late L. H. Ouimet of Montreal whereby Maislin Realty Ltd. purchased certain lands and buildings located at 237 Van Horne Avenue in Montreal for the sum of $100,000.

(8) Agreement dated December 31, 1971 whereby the Company purchased from International Acceptance Corporation of Montreal all of the shares of Auto Hire, (Canada), Ltd. for the sum of $10,000. Reference is also made to Note (1) on page 17 under "Notes to Consolidated Financial Statements" for an explanation of the inclusion of the losses of Auto Hire, (Canada), Ltd. in the consolidated statement of earnings since February 1, 1970. Lizmax Holding Corp. purchased the shares of Auto Hire, (Canada), Ltd. from Regis P. McGuire on February 1, 1970 for $1,000 and sold them to International Acceptance Corporation on December 1, 1970 for $9,123.

(9) Agreement dated April 28, 1972 referred to under "Pending Acquisitions" on page 6 whereby Maislin Transport Ltd. has agreed to purchase not less than 93% of the shares of Highway Express Lines, Inc.

(10) Agreement dated May 1, 1972 referred to under "Interest of Management and Others in Material Transactions" on page 12 whereby the Company purchased all of the common and preferred shares of International Acceptance Corporation for a total of $71,500.

(11) Underwriting agreement referred to under "Plan of Distribution" on page 7.

Copies of the foregoing contracts and agreements may be examined during normal business hours at the head office of the Company , 7401 Newman Boulevard, LaSalle, Quebec, during the period of primary distribution to the public of the Common Shares offered by this prospectus and for a period of 30 days thereafter.

Auditors, Transfer Agent and Registrar

Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, 1155 Dorchester Boulevard West, Montreal, and Messrs. Routtenberg, Scharf, Kwiat & Singer, Chartered Accountants, 50 Cremazie Boulevard West, Montreal, are the joint auditors of the Company.

The transfer agent and registrar for the Company's Common Shares is The Royal Trust Company in Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheets
December 31, 1971 and March 25, 1972 (Unaudited)

Assets	December 31, 1971	March 25, 1972 (Unaudited)
Current assets:		
Cash, including term bank deposits	$ 459,296	$ 207,784
Accounts receivable	8,805,292	8,685,406
Inventories of parts and supplies at the lower of cost or replacement cost	503,659	506,784
Prepaid expenses	429,480	882,769
Total current assets	10,197,727	10,282,743
Loans receivable—International Acceptance Corporation	51,404	263,404
Investment in and advances to 50% owned company:		
Common shares (note 1)	13,744	19,375
Mortgage receivable	305,000	305,000
Advances	70,000	70,000
	388,744	394,375
Fixed assets (note 2)	33,998,425	34,282,761
Less accumulated depreciation	11,575,980	11,993,291
	22,422,445	22,289,470
Other assets:		
Operating rights and goodwill, at cost	462,496	462,496
Excess of cost of shares in subsidiaries over equity in the net assets at dates of acquisition (note 3)	1,553,352	1,551,963
Unamortized finance charges	1,219,998	1,126,065
Sundry	150,208	158,444
	3,386,054	3,298,968
	$36,446,374	$36,528,960
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank loans, partly secured	$ 53,550	$ 93,025
Accounts payable and accrued charges	6,485,303	6,608,193
Income taxes payable	1,691,556	1,836,019
Long-term debt payable within one year (note 1)	503,847	395,610
Other loans payable	254,300	26,860
Total current liabilities (exclusive of liens on automotive equipment due within one year)	8,988,556	8,959,707
Liens on automotive equipment due within one year	3,696,664	3,933,825
Long-term debt (note 4)	11,754,856	11,185,977
Deferred income taxes (note 5)	329,172	329,172
Shareholders' equity:		
Capital stock:		
Common shares without par value		
Authorized 7,000,000 shares; issued 2,233,090 shares	2,369,480	2,369,480
Retained earnings, per accompanying statement (note 7)	6,935,202	7,378,355
Excess of appraised value of land over cost (note 2)	2,372,444	2,372,444
Total shareholders' equity	11,677,126	12,120,279
Contingent liability (note 8)		
	$36,446,374	$36,528,960

On behalf of the Board:

(Sgd.) Clément Beauregard, Director

(Sgd.) Alex Maislin, Director

See accompanying notes to consolidated financial statements.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES

Consolidated Statements of Earnings and Retained Earnings
Five years and twelve weeks ended March 25, 1972

	Year ended December 31					Twelve weeks ended	
	1967	1968	1969	1970	1971	March 27, 1971 (Unaudited)	March 25, 1972 (Unaudited)
Earnings:							
Revenue	$27,045,418	$31,330,577	$35,063,736	$35,467,097	$41,649,911	$ 8,819,058	$10,670,910
Operating expenses	24,907,679	27,650,852	30,698,626	30,826,875	34,685,970	7,848,257	8,991,047
Depreciation	1,283,268	1,242,730	1,578,843	1,699,704	1,723,999	404,707	464,425
Interest on long-term debt, including amortization of finance charges	486,744	503,442	735,563	835,785	779,985	181,340	247,211
	26,677,691	29,397,024	33,013,032	33,362,364	37,189,954	8,434,304	9,702,683
	367,727	1,933,553	2,050,704	2,104,733	4,459,957	384,754	968,227
Income taxes (note 5)	243,787	982,461	980,052	1,019,202	2,150,000	206,830	477,542
	123,940	951,092	1,070,652	1,085,531	2,309,957	177,924	490,685
Income (loss) of 50% owned companies	31,512	45,323	39,877	16,092	(6,560)	3,355	5,631
Loss of auto rental subsidiary (note 1)	–	–	–	(427,829)	(151,082)	(111,054)	(53,163)
Minority interest	(3,918)	(10,577)	(15,302)	(17,757)	–	–	–
	27,594	34,746	24,575	(429,494)	(157,642)	(107,699)	(47,532)
Earnings before extraordinary items	151,534	985,838	1,095,227	656,037	2,152,315	70,225	443,153
Extraordinary items (note 13)	12,721	61,258	(34,265)	25,000	–	–	–
Net earnings	$ 164,255	$ 1,047,096	$ 1,060,962	$ 681,037	$ 2,152,315	$ 70,225	$ 443,153
Earnings per share (note 12)							
Earnings before extraordinary items	.08	.51	.57	.34	.96	.03	.20
Net earnings	.09	.54	.55	.35	.96	.03	.20
Retained Earnings							
Balance at beginning of period	$ 1,717,043	$ 1,881,298	$ 2,928,394	$ 3,989,356	$ 4,782,887	$ 4,782,887	$ 6,935,202
Retained earnings of predecessor companies, November 2, 1970 (note 1)	–	–	–	112,494	–	–	–
Net earnings for the period	164,255	1,047,096	1,060,962	681,037	2,152,315	70,225	443,153
Balance at end of period	$ 1,881,298	$ 2,928,394	$ 3,989,356	$ 4,782,887	$ 6,935,202	$ 4,853,112	$ 7,378,355

See accompanying notes to consolidated financial statements.

MAISLIN INDUSTRIES LTD. AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements
December 31, 1971 and March 25, 1972 (Unaudited)

1. **Principles of consolidation:**

Letters patent (amalgamation) dated November 2, 1970 confirmed the joint agreement of amalgamation entered into by S. & S. Maislin Investment Corp., A. & S. Maislin Holdings Inc., B. & A. – P. & N. Maislin Investments Inc. and C. & J. – M. & S. Maislin Holdings Corp. amalgamating the said companies under the name of Maislin Industries Ltd. The issuance of 1,937,040 common shares of Maislin Industries Ltd. for a stated value of $1,080 was effected by converting each common share without par value of each of the amalgamating companies into one common share without par value of Maislin Industries Ltd. By agreements dated December 1, 1970 the following common shares were issued:

233,850 shares issued at $8.00 per share in exchange for debts owing to shareholders	$1,870,800
62,200 shares issued at $8.00 per share in acquisition of the 10% minority interest in Maislin Realty Ltd. and Lizmax Holding Corp.	$ 497,600

The consolidated balance sheets include the assets and liabilities of the Company and all its subsidiaries. The consolidated statement of earnings includes the earnings of the Company from the date of amalgamation and those of its subsidiaries from the dates they were acquired by the Company or its predecessor companies. The Company's equity in the net income (loss) of 50% owned companies (one of which was 50% owned until December 15, 1971, now wholly-owned) and an auto rental subsidiary (see below) has been included separately in the consolidated statement of earnings.

Current assets and liabilities in U.S. funds and payments due in U.S. funds within one year under liens on automotive equipment have been translated into Canadian dollars at the rate of exchange in effect at December 31, 1971. Other assets and liabilities in U.S. funds have been translated at the rates of exchange in effect at the dates on which they were acquired or incurred. Income and expenses other than depreciation have been translated at the average rate of exchange for the year.

In 1971 the Company acquired all of the shares of an auto rental company at a cost of $10,000. The losses of the rental company from February 1, 1970 are included in the consolidated statement of earnings since the shares were first purchased on that date, sold later in 1970 and repurchased in 1971.

2. **Fixed assets:**

(a)

	December 31, 1971	March 25, 1972
Land	$ 5,299,361	$ 5,299,361
Roadways and paving	450,137	450,137
Buildings	6,195,120	6,195,120
Automotive equipment	16,435,333	16,521,981
Rental fleet	4,576,924	4,676,777
Other equipment	1,041,550	1,139,385
	$33,998,425	$34,282,761

(b) Land is included at replacement value as appraised by Eugène Thérien, F. J. Shankland and Realty Appraisal Co. in May, June and July 1969, with additions subsequent to the appraisals at cost. All other fixed assets are at cost. The increase in value as shown by the appraisals is included in shareholders' equity as "Excess of appraised value of land over cost".

(c) In 1962 a company erected a terminal for Maislin Realty Corp., a subsidiary company, in East Rutherford, New Jersey, at a cost of U.S. $1,102,940 and entered into an agreement to lease the terminal for a period of fifteen years at a monthly rental of U.S. $12,500. The agreement includes an option to purchase the terminal for $1 at the termination of the lease. Maislin Realty Corp. has given notice of its intention to exercise its option and the transaction has been recorded in the accounts as an addition to land and buildings of U.S. $1,102,940, offset by a liability of the same amount. The liability is being reduced by the payments of U.S. $12,500 per month on the basis that they are blended payments of principal and interest at a calculated rate of 10.947% per annum.

The terminal is located on the proposed site of the New Jersey "Meadowlands" project. Officials of the Company are confident that if the property is taken over by the governmental authorities, the Company will receive substantially more than the net value at which the property is carried in the financial statements.

(d) Depreciation of automotive equipment has been provided on a straight-line basis over the estimated useful life of the individual assets. The life for automotive equipment in the transportation business is estimated at 6 to 8 years; in the auto rental business, 50 months. Other property and equipment have been depreciated on the following basis:

Roadways and paving	4% diminishing balance
Buildings	5% diminishing balance
Other Equipment	Various

3. **Excess of cost of shares in subsidiaries over equity in the net assets at dates of acquisition:**

Transport subsidiaries acquired before 1971, not being amortized		$ 873,285
Auto rental subsidiary–February 1, 1970:		
To be amortized proportionate to the use of tax losses, or their staledating	$340,000	
Not being amortized	119,117	459,117
Subsidiaries acquired in 1971, being amortized on a straight-line basis over 40 years		220,950
		$1,553,352

4. **Long-term debt:**

	December 31, 1971	March 25, 1972
Mortgages payable:		
Repayable in Canadian dollars:		
7¼% payable monthly to 1976	$1,106,044	$ 1,095,159
7½% payable monthly to 1976	290,000	275,000
10½% payable monthly to 1976	2,239,395	2,223,144
Payable monthly to 1978, bearing interest at rates ranging from 7½% to 8½%	76,986	74,994
	3,712,425	3,668,297
Repayable in U.S. dollars:		
7% payable monthly to 1982 (U.S. $371,048; 1972 U.S. $363,708)	398,879	391,000
Total mortgages payable	4,111,304	4,059,297
Balance payable–East Rutherford Terminal (U.S. $624,495; 1972 U.S. $597,788) (note 2(c))	671,330	642,576
Loan–6¾% payable in 1972–secured by automotive equipment	65,900	65,900
Loan–interest at prime lending rate of a Canadian chartered bank, secured by investments in a 50% owned company, payable quarterly from December 1972 to September 1975	305,000	305,000
Unsecured notes and loans due 1972 bearing interest at rates ranging from 6% to 8%	31,250	–
Loan from a director payable in 1972	82,800	–
Liens on automotive equipment due after one year to 1977	6,999,302	6,508,814
	12,266,886	11,581,587
Less payments due within one year, other than liens on automotive equipment	512,030	395,610
	$11,754,856	$11,185,977

5. **Income taxes:**

A subsidiary company has not set up as deferred income taxes an amount of $1,050,000 by which income taxes were reduced up to December 31, 1967. The amount of income taxes deferred in 1967 was not material.

The provision for income taxes for the years 1968 to 1971 includes deferred taxes as follows:

1968	$ –
1969	–
1970	217,900
1971	125,000

Income taxes for the years 1969, 1970 and 1971 have been reduced by U.S. investment credit of $108,680, $41,055 and $91,336 respectively.

6. **Stock option and stock purchase plans:**

On May 16, 1972 the Company adopted a Stock Option Plan for key employees and an Employees' Stock Purchase Plan, covering 100,000 common shares under each plan. For further details see page 8.

7. **Retained earnings:**

Under the terms of a loan agreement dividends on common shares shall not be declared or paid if, after giving effect to such declaration or payment, the consolidated retained earnings of the Company will be less than $4,800,000.

8. **Contingent liability:**

A subsidiary company is jointly and severally liable as a guarantor of a mortgage payable by a 50% owned company. The principal amount outstanding at both December 31, 1971 and March 25, 1972 was $2,277,333.

9. **Commitments:**

The Company has entered into lease agreements calling for annual rentals of approximately $210,000. Certain agreements are renewed on a year to year basis and leases for longer periods, providing for annual payments of approximately $115,000, expire up to 1979. These amounts do not include payments with respect to the East Rutherford, New Jersey, terminal.

10. Subsequent events:

By contract dated April 28, 1972 Maislin Transport Ltd. agreed to purchase not less than 93% of the shares of Highway Express Lines, Inc. for a base purchase price of $3,000,000, payable on approval by the appropriate regulatory agencies. For further details, see "Pending Acquisitions", page 6.

11. Changes in accounting practices:

In 1969 a subsidiary company changed its accounting practices with respect to certain items of expenditure. The effect of the change was to increase the net earnings for the year by approximately $50,000.

12. Earnings per share:

The calculation of basic earnings per share has been made using the weighted monthly average number of shares outstanding during the respective periods.

13. Extraordinary items:

1970: Gain on repayment of long-term debt in advance of due date	$ 25,000
1969: Expenses relating to a proposed issue of debentures, net of income taxes	(34,265)
1968: Income tax reduction realized on the application of prior years' losses	61,258
1967: Income tax reduction realized on the application of prior years' losses	12,721

14. Remuneration of directors and officers:

The aggregate direct remuneration paid by the Company to directors and senior officers during the year ended December 31, 1971 was $250,000 and for the twelve weeks ended March 25, 1972 was $60,000.

Auditors' Report

To the Directors of
Maislin Industries Ltd.

We have examined the consolidated balance sheet of Maislin Industries Ltd. and subsidiary companies as at December 31, 1971 and the consolidated statements of earnings and retained earnings for the five years ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the company as at December 31, 1971;

(b) The accompanying consolidated statements of earnings and retained earnings present fairly the results of operations of the companies for the five years ended December 31, 1971;

all in accordance with generally accepted accounting principles applied on a consistent basis except for the matter referred to in note 11.

Montreal, Que.
July 4, 1972.

(Sgd.) Routtenberg, Scharf, Kwiat & Singer
(Sgd.) Peat, Marwick, Mitchell & Co.
Chartered Accountants

Purchasers' Statutory Rights of Withdrawal and Rescission

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered in the course of distribution to the public:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide, in effect, that a purchaser has a right of rescission similar to that described in (b) above and also that a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

Certificates

Dated: July 4, 1972

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba) and by Part VII of The Securities Act (Ontario), under the Securities Act (Quebec), by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

Chief Executive Officer

(Sgd.) Sydney Maislin
President

Chief Financial Officer

(Sgd.) Clément Beauregard
Executive Vice-President

On behalf of the Board of Directors

(Sgd.) Alex Maislin
Director

(Sgd.) Saul Maislin
Director

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part VII of The Securities Act (Ontario), under the Securities Act (Quebec), by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

MERRILL LYNCH, ROYAL SECURITIES LIMITED

By: (Sgd.) Donald C. McLeod

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